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HUMAN CAPITAL

Corps of Engineers Needs to Update Its Workforce Planning Process to More Effectively Address Its Current and Future Workforce Needs



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May 2008

HUMAN CAPITAL

Corps of Engineers Needs to Update Its Workforce Planning Process to More Effectively Address Its Current and Future Workforce Needs

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Highlights

Highlights of GAO-08-596, a report to congressional requesters

Why GAO Did This Study

With a workforce of about 35,000, the U.S. Army Corps of Engineers (the Corps) provides engineering services for civil works and military programs in the United States and overseas. Recently, the Corps' focus has shifted to also support contingency operations, such as responding to natural disasters. To meet its mission and emerging priorities, the Corps must have effective human capital planning processes to ensure that it can maintain its workforce. In this context, GAO was asked to examine the (1) extent to which the Corps has aligned its human capital plan with its strategic plan, (2) extent to which the Corps has the information necessary to identify and meet current and future workforce needs, and (3) challenges the Corps faces in meeting its workforce needs. To address these issues, GAO reviewed agency human capital and strategic planning documents, conducted structured interviews with eight Corps divisions and a purposeful sample of 14 of its districts, and interviewed other Corps officials.

What GAO Recommends

To help the Corps better manage its workforce planning efforts, GAO recommends that it (1) draft a human capital plan that is directly linked to its strategic plan and (2) develop and implement a process for evaluating the effectiveness of its human capital tools. In commenting on a draft of the report, the Department of Defense generally agreed with our recommendations.

To view the full product, including the scope and methodology, click on GAO-08-596. For more information, contact Anu K. Mittal at (202) 512-3841 or mittala@gao.gov.

What GAO Found

The Corps' strategic human capital plan is outdated; is not aligned with the agency's most recent strategic plan, which was developed in 2005; and is inconsistently used across the agency. Specifically, the human capital plan has not been revised since it was developed in 2002, and it is therefore not aligned with the Corps' current strategic plan. Headquarters officials told GAO they "abandoned" the use of the plan and replaced it with the human capital updates required under a presidential initiative. While these updates list the Corps' human capital activities and milestones for completing them, they do not contain key components of an effective human capital plan, such as goals, strategies, and a system for measuring performance. Moreover, the outdated human capital plan is being used inconsistently across the agency. Some divisions and districts are still using the 2002 plan to guide their human capital efforts, while others are relying on guidance from headquarters or the Office of Personnel Management or developing their own guidance. Without a current, consistently implemented human capital plan that is aligned with its strategic plan, the Corps' ability to effectively manage its workforce is limited.

The Corps lacks the necessary agencywide information on critical skills to identify and assess current and future workforce needs and therefore cannot effectively perform its workforce planning activities. Effective workforce planning depends on consistent agencywide data on the critical skills needed to achieve the agency's mission. However, the Corps does not have a process for collecting consistent agencywide data, and headquarters has not provided guidance to the divisions and districts on how to gather this information systematically. Without guidance, some divisions and districts have collected this information independently, using varying methods, leaving the Corps with inconsistent and incomplete data with which to assess the agency's overall workforce needs. As a result, the Corps' ability to determine effective approaches to recruiting, developing, and retaining personnel is limited. Realizing the need for consistent information on critical skills, the Corps recently began an effort to systematically collect these data. However, it is too early to assess the Corps' progress on this effort.

The Corps faces several challenges to its workforce planning efforts, such as competition from the private sector and others to hire qualified staff. To address these challenges, the Corps uses human capital tools such as recruitment and retention incentives. However, the Corps' use of some tools has sharply decreased recently. For example, in fiscal year 2002 the Corps awarded $750,000 in recruitment bonuses, but in 2006 this dropped to $24,000. One official told GAO he has had to hire less qualified staff because he has been unable to offer sufficient incentives. Moreover, the Corps lacks a process for assessing the effectiveness of the tools it uses. Consequently, the Corps can neither determine the overall costs and benefits of using these tools nor decide whether additional methods are needed to recruit, develop, and retain its current and future workforce.

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Abbreviations

DOD	**Department of Defense**
OMB	**Office of Management and Budget**
OPM	**Office of Personnel Management**
Corps	**U.S. Army Corps of Engineers**

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GAO
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United States Government Accountability Office
Washington, DC 20548

May 7, 2008

The Honorable Daniel K. Akaka
Chairman
The Honorable George V. Voinovich
Ranking Member
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Chuck Grassley
Ranking Member
Committee on Finance
United States Senate

The U.S. Army Corps of Engineers (the Corps) within the Department of Defense (DOD) is the world's largest public engineering, design, and construction management agency. The Corps' mission is to provide vital engineering services and capabilities to support a wide range of federal civil works and military programs throughout the United States and to support U.S. efforts overseas.[1] The civil works program includes activities related to, among other things, flood damage reduction, environmental stewardship, and ecosystem restoration, while the military program includes military construction, real estate management, and international and interagency services. In addition to its headquarters office in Washington, D.C., the Corps has 8 division offices and 41 district offices. In fiscal year 2007, the Corps' annual appropriation was about $33.6 billion (about $10.3 billion and $23.3 billion for the civil works and military programs, respectively). To accomplish its work, the Corps relies on a workforce of over 35,000, which includes biologists, engineers, geologists, hydrologists, natural resource managers, and other professionals.

In addition to its historical mission, since the 1990s, the Corps' priorities have shifted to include an increased focus on supporting contingency operations, such as addressing terrorism and responding to natural

[1]This report focuses on the Corps' domestic roles and responsibilities related to its civil works and military programs, which together account for about 93 percent of the agency's workforce.

disasters. This shift in priorities is placing new demands on the agency's workforce and is reflected in the Corps' most recent strategic plan—the 2005 Campaign Plan. This plan outlines the agency's strategic vision for the next 3 to 4 years.[2] For example, the 2005 Campaign Plan identifies the following as the Corps key areas of focus: supporting stability, reconstruction, and homeland security operations; developing sound water resources solutions; and improving the reliability of water resources infrastructure using a risk-based asset management strategy.

Strategic human capital planning—the method by which an agency designs a coherent framework of human capital policies, programs, and practices to achieve the vision outlined in its strategic plan—is an important component of an agency's overall planning effort because it helps ensure that an agency's workforce is adequate to meet its current and future needs. The development and implementation of a human capital plan is a key step in an agency's progress toward building a highly effective, performance-based organization that can recruit, hire, motivate, and reward a high-performing, top-quality workforce. Although the structure, content, and format of human capital plans vary by agency, the Office of Personnel Management (OPM) cites certain common elements that an agency's human capital plan should include (1) a clearly understood strategic direction; (2) human capital goals; (3) strategies/objectives for accomplishing the goals; (4) an implementation plan; (5) a communication/change management plan, if needed, and (6) a system for measuring how successfully the strategies/objectives have been implemented.[3] Additionally, our previous work suggests that regardless of an agency's mission, its human capital management approach should include

- involving top management, employees, and other stakeholders in developing, communicating, and implementing a human capital plan;
- determining the critical skills that will be needed to achieve future programmatic results;
- developing strategies that are tailored to address gaps in critical skills that need attention;

[2]Campaign Plans are revised every 3 to 4 years at the discretion of the incoming Commander of the Corps.

[3]OPM, Human Capital Assessment and Accountability Framework Practitioners Guide, Human Capital Assessment and Accountability Resources Center at http://www.opm.gov/hcaaf_resource_center/index.asp.

- building the capability needed to address administrative, educational, and other requirements important to support workforce strategies; and
- monitoring and evaluating the agency's progress toward its human capital goals and the contribution that human capital results have made toward achieving programmatic goals.[4]

In this context, you requested that we examine the (1) extent to which the Corps has aligned its human capital plan with its strategic plan, (2) extent to which the Corps has the information necessary to identify and meet its current and future workforce needs, and (3) challenges the Corps faces in meeting its workforce needs. This report is the third in a series of reports that you have requested on human capital challenges facing those key federal agencies that primarily rely on a scientific, technical, and engineering workforce. (See related GAO products at the end of this report.)

To examine the alignment of the Corps' human capital plan with its strategic plan, we reviewed the Corps' human capital plan, strategic plans, and related policy and planning documents from its headquarters and division offices. We also reviewed prior GAO reports, Office of Personnel Management (OPM) reports, and information from Corps strategic boards and committees. In addition, we interviewed human resources and program managers at the Corps' headquarters and divisions. To examine the extent to which the Corps has the information necessary to identify and meet current and future workforce needs, we reviewed human capital planning guidance from Corps headquarters, divisions, and districts. We also reviewed the Corps' human capital planning process and compared it with four key principles of effective human capital planning identified by GAO. In addition, we visited two Corps divisions and three Corps districts and interviewed agency officials at these locations to obtain information on their strategic human capital planning and initiatives. We used the information obtained from our visits to develop a structured interview administered to all of the Corps' eight divisions and to a purposeful sample

[4]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

of 14 districts that perform domestic civil works functions for the agency.[5] The structured interview covered, among other things, questions relating to the Corps' human capital initiatives, performance measures, critical skills, and challenges in meeting workforce needs. In addition, we reviewed documents obtained from the Corps' divisions and districts to corroborate information obtained during the structured interviews. We also analyzed the Corps' demographic and workforce data as well as data on its use of human capital incentives, such as recruitment and retention incentives. To determine the challenges the Corps faces in meeting its workforce needs, we interviewed human resources and program managers at Corps headquarters, the eight divisions, and the selected sample of 14 districts. Appendix I contains a more detailed description of the scope and methodology for our review. We conducted this performance audit from March 2007 to April 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

The Corps' strategic human capital plan is out of date and not aligned with the agency's most recent strategic plan. Although the human capital plan was aligned with the agency's strategic plan when both plans were developed in 2002, the human capital plan has not been revised since then to reflect the agency's current strategic plan, which changed significantly when it was redrafted in 2005. Corps headquarters officials told us that although they have not informed the rest of the agency, they have "abandoned" the use of the existing human capital plan. These officials told us that they have replaced the plan with annual and quarterly updates of human capital activities required by OPM under a recent presidential initiative. However, we found that these updates do not provide an adequate substitute for the agency's human capital plan because they do not contain any of the components of an effective plan, such as goals,

[5]We selected two districts from each division, with the exception of the Pacific Ocean Division, where we interviewed only the division staff. We did not include districts in this division because the human capital challenges at the Alaska and Honolulu districts would likely be unique to labor force demographics at these locations. Additionally, because there are only 2 districts within the Pacific Ocean Division that perform work domestically, the division is likely more aware of the districts' activities compared to other divisions that are responsible for more districts.

strategies, and a system for measuring how successfully the strategies have been implemented. Moreover, the lack of a current human capital plan has resulted in human capital activities being managed inconsistently across the agency. For example, some division and district officials told us they are still using the 2002 human capital plan as a guide, and others said that because they receive limited guidance from headquarters, they are independently seeking information on recruitment and retention incentives from OPM or other sources. To help the Corps more effectively manage its human capital activities, we are recommending that it redraft its human capital plan so that the plan is linked to the agency's strategic plan and contains all the key components outlined by OPM. Moreover, we are recommending that once the plan is revised, the Corps distribute the revised plan and direct the divisions and districts to use the new plan to guide their human capital activities.

The Corps lacks the necessary agencywide information on critical skills to identify and assess current and future workforce needs and therefore cannot effectively perform its workforce planning activities. Effective workforce planning requires consistent agencywide data on the critical skills needed to achieve current and future programmatic results. However, the Corps does not have a process for collecting comprehensive and consistent agencywide data, and headquarters has not provided guidance to the divisions and districts on how to gather this information systematically. In the absence of such guidance, some divisions and districts have independently gathered some of this information. However, we found that the data collection methods they used varied, leaving the Corps without the complete, reliable, and comparable data that it needs to assess the agency's overall workforce needs. Without this information, we believe that the Corps' ability to effectively identify and assess areas where it needs to enhance or modify its workforce recruitment, development, and retention strategies is significantly constrained. The Corps has recently recognized the need for a coordinated effort to collect information on the critical skills needed agencywide. In October 2007, it established a team to, among other things, identify (1) the future roles of the Corps, (2) the critical skills needed to support these roles, and (3) any critical skills gaps. The team plans to review various division and district efforts to collect critical skills data and determine how these efforts can be applied to develop a consistent agencywide data collection process. However, it is too early to evaluate the team's progress on this effort.

The Corps' ability to maintain a workforce sufficient to accomplish its mission is being affected by three key challenges. According to division and district officials, these challenges include (1) intense competition from

the private sector and other entities to hire the best talent; (2) the loss of staff to various contingency operations, such as Iraq and Afghanistan; and (3) the large number of employees who are eligible to retire. To help offset these challenges, Corps officials told us they are using various human capital tools, such as recruitment and retention bonuses, to recruit, develop, and retain employees, and are also relying on contractors to carry out the Corps' workload. However, we found that the Corps' use of some human capital tools, including recruitment bonuses, sharply declined from fiscal years 2002 to 2006. For example, in 2002 the Corps awarded about $750,000 in recruitment bonuses, but this number fell to about $24,000 in fiscal year 2006. Some district officials with whom we spoke generally felt that the Corps should be more aggressive in its use of human capital authorities and flexibilities to address its human capital challenges. For example, one district official said that although his district tries to provide incentives to recruit experienced staff, it is often unable to because incentives first have to be approved by the district's Corporate Board. If the Corporate Board does not approve the use of the incentives requested, the district will have to hire less experienced staff instead of experienced scientists and engineers. Moreover, it is unclear whether the human capital tools that the Corps has used have been effective in meeting the agency's overall workforce needs. We found that while the Corps collects data on the extent to which various tools have been used by the divisions and districts, it has not developed a process to evaluate the effectiveness of the tools. For example, the Corps could not provide us with any information to demonstrate whether the use of recruitment bonuses has been effective in hiring and retaining staff in its divisions and districts. We believe that without such a process, the Corps cannot determine the overall costs and benefits of using various methods to recruit and retain employees, nor can it determine whether additional approaches are needed to develop and maintain its workforce for the future. To help the Corps better manage its workforce planning efforts, we are recommending that it develop and implement a process for evaluating the effectiveness of its human capital tools so that it can adjust their use, as necessary, to meet workforce needs.

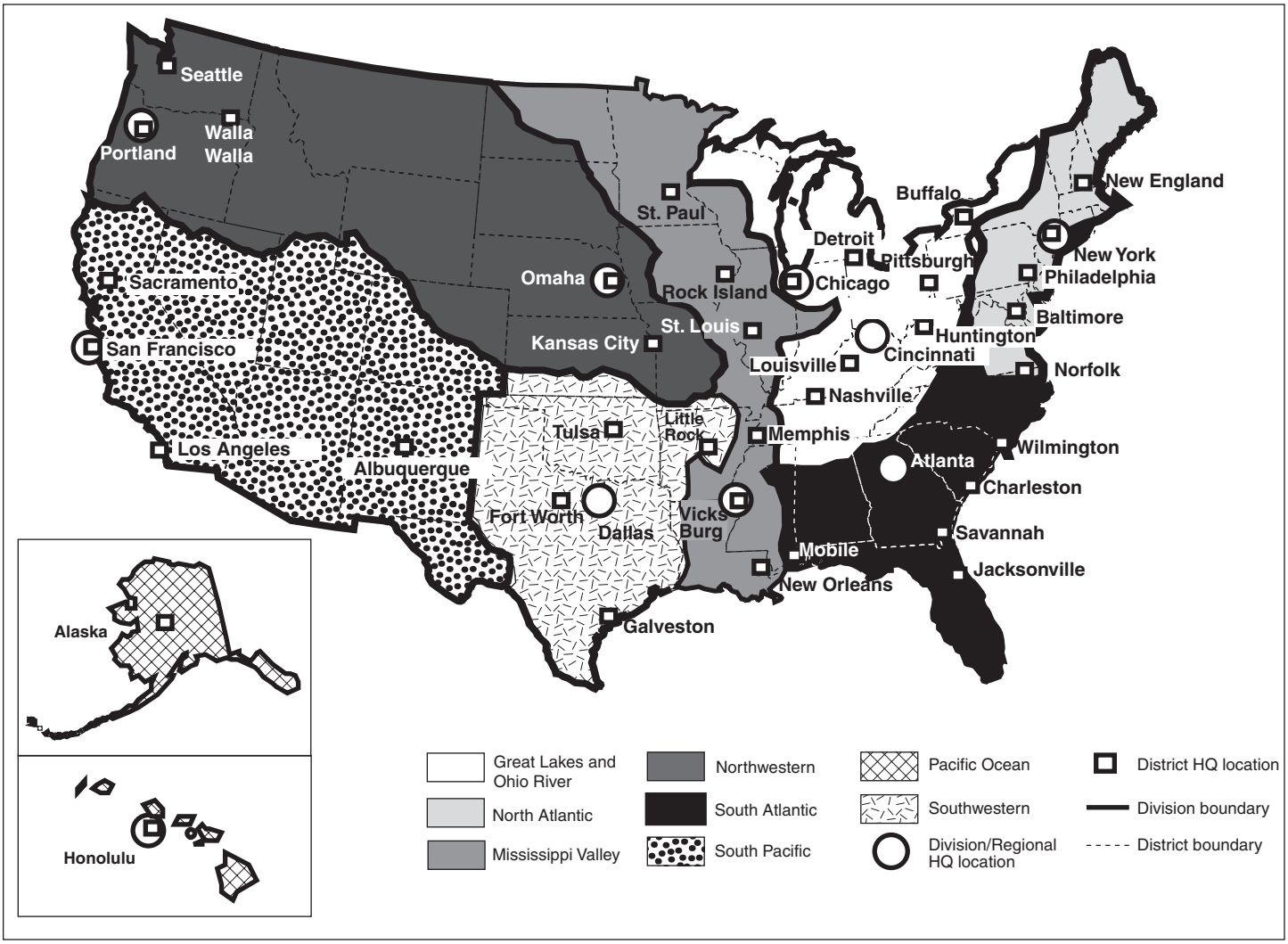
In its written comments on a draft of our report (reprinted in app. II), the Department of Defense generally agreed with our recommendations and agreed to update the Corps' human capital plan by January 2009.

Background

The Corps is an agency in the DOD that has military and civilian responsibilities. The military program provides engineering, construction, and environmental management services to DOD agencies. Under its civil works program, at the direction of the Congress, the Corps plans, constructs, operates, and maintains a wide range of water resources projects. A military Chief of Engineers oversees the Corps' civil and military operations and reports on civil works matters to an Assistant Secretary of the Army for Civil Works. The Corps operates as a military organization with a largely civilian workforce (34,600 civilian and 650 military personnel). The Corps is organized geographically into its headquarters, located in Washington, D.C.; eight divisions across the country; and 41 subordinate districts throughout the United States, Asia, and Europe (see fig. 1).[6] Corps headquarters creates policy and plans the future direction for the organization. The eight divisions coordinate the work carried out by the 41 districts, and individual projects are largely planned and implemented at the district level after they have been approved at the division and headquarters level.

[6]A 9th provisional division with 4 districts was activated in January 2004 to oversee operations in Iraq and Afghanistan.

Figure 1: The Corps' Civil Work Program's Division and District Boundaries



Source: Corps of Engineers.

To assist in its human capital planning efforts, in September 2002, the Corps issued a human capital planning document entitled *The Strategic Management of Human Capital in the U.S. Army Corps of Engineers*. The human capital plan was focused on recruiting and retaining a world-class workforce, and in order for this to happen the Corps recognized that it needed to become a learning organization and develop leaders at all levels. The plan also documented the human capital challenges the Corps

faced as well as past, current, and future responses to those challenges. The plan incorporated and was driven by, among other things, the agency's 2002 strategic plan, called the Campaign Plan, and its accompanying vision statement. In developing the human capital plan, the Corps incorporated the three strategic goals contained in the Campaign Plan: (1) people—being recognized for the technical and professional excellence of its world class workforce, functioning as teams delivering projects and services; (2) process—using the project management business process to operate as one Corps, regionally delivering quality goods and services; and (3) communication—communicating effectively to build synergistic relationships that serve the nation.

Each new incoming Commander of the Corps has the opportunity to redraft the strategic plan for the agency, which last occurred in June 2005. Specifically, the 2005 strategic plan incorporated the Corps' increased responsibilities for various contingency operations, such as Iraq and Afghanistan, and responding to natural disasters like Hurricane Katrina. The strategic plan also outlines the agency's responsibilities as outlined in the 2004 National Response Plan—responding to the Department of Homeland Security domestically, and to the U.S. Agency for International Development globally, for non-DOD contingency operations. Additionally, the 2005 strategic plan contained three new strategic goals not contained in the agency's 2002 strategic plan: (1) support stability, reconstruction, and homeland security operations; (2) develop sound water resources solutions; and (3) improve the reliability of water resources infrastructure using a risk-based asset management strategy. Because a new Commander for the Corps was appointed in 2007, the agency is in the process of redrafting its Campaign Plan to reflect the new Commander's strategic vision and priorities for the next 3 to 4 years.

Finally, in 2004 the Corps began a new organization plan, called USACE 2012, intended to streamline the agency's organizational structure and reduce redundancy among districts. USACE 2012 focuses on implementing the following four goals, called key concepts, to achieve organizational and cultural change: (1) establishing regional business centers, which foster divisions and districts working together as a regional unit; (2) creating regional integration teams, focused on the execution of the civil works and military programs mission; (3) establishing communities of practice, consisting of individuals who practice and share an interest in a major functional area or business line, for the purpose of developing and sharing best practices and fostering cross-functional and cross-divisional collaboration; and (4) developing national and regional support models designed to provide support services that effectively

separate divisions' responsibilities from headquarters'. Before 2004, the eight divisions served largely as a conduit between headquarters and the district offices, and the 41 districts, in turn, were each responsible for managing their own workforce to complete their projects. Under the new organizational structure, the eight divisions have greater responsibility for managing the workforce and workload of all of their component districts on a regional basis. According to Corps officials, USACE 2012 is part of a continuous improvement process to better meet its customers' and national needs.

The Corps Lacks a Current Human Capital Plan to Guide Its Workforce Planning Efforts

The Corps' 2002 strategic human capital plan is out of date and not aligned with the agency's most recent strategic plan, developed in 2005. Because the Corps lacks a current human capital plan, human capital activities are being managed inconsistently by division and district officials across the agency. In 2002, the Corps' human capital plan was designed to, among other things, improve the agency's ability to attract and retain a world class workforce and provide more accurate and objective ways to measure success.[7] Also consistent with OPM's guidance on effective human capital planning, the 2002 human capital plan was aligned with the agency's 2002 strategic plan and its accompanying vision statement. For example, the 2002 strategic plan included "people" as one of its three strategic goals—that is, the Corps wanted to "be recognized for the technical and professional excellence of our world class workforce, functioning as teams delivering projects and services."[8] The people goal contained three major objectives—attract and retain a world-class workforce, create a learning organization, and develop leaders at all levels—and strategies for each of them. Each objective and strategy, along with an implementation plan, was addressed in the agency's human capital plan.

However, the human capital plan has not been revised since 2002 to reflect the Corps' new strategic direction as outlined in the agency's most current strategic plan, developed in June 2005, and other recent events.[9] For example, the 2005 strategic plan does not contain a strategic goal related

[7]U.S. Army Corps of Engineers, *Strategic Management of Human Capital in the U.S. Army Corps of Engineers*, September 2002.

[8]The Corps' 2002 strategic plan included three interdependent strategic goals: people, process, and communication.

[9]The Corps has updated the appendixes in the human capital plan; however, the body of the report has never been updated.

to people. It does, however, contain three additional strategic goals that are not reflected in the 2002 human capital plan: (1) support stability, reconstruction, and homeland security operations; (2) develop sound water resources solutions; and (3) improve the reliability of water resources infrastructure using a risk-based asset management strategy. Moreover, because the human capital plan has not been revised, it does not reflect events that have taken place since 2002 that have had a significant impact on the agency's human capital needs, such as the agency's increased focus on supporting contingency operations and its new responsibilities outlined in the 2004 National Response Plan.[10] For example, since the 1990s, the Corps has been called upon more frequently to take part in contingency operations at home and abroad—such as responding to natural disasters like Hurricane Katrina. Similarly, under the National Response Plan, the Corps provides support as both a primary agency and a coordinating agency for emergency and support functions outlined in the plan. We found that the relevance of the Corps' outdated human capital plan will become further diminished in the near future because the agency is beginning the process of updating its 2005 strategic plan to reflect the new strategic direction of the incoming Commander of the Corps.

According to Corps officials, although this has not been communicated agencywide, headquarters has "abandoned" the use of the outdated 2002 human capital plan, replacing it with annual and quarterly updates of human capital activities required by OPM under the President's 2002 Management Agenda. Officials in the Corps' Office of Human Resources told us that the Corps does not have the staff and resources to both update its human capital plan and provide the updates to OPM. The President's Management Agenda established governmentwide initiatives designed to improve the management and performance of the federal government in five areas, including strategic management of human capital. OPM was designated the lead agency for overseeing the human capital initiative, and federal agencies were to identify human capital activities they planned to undertake and to provide quarterly and annual updates on these activities to OPM. For example, to fulfill its annual reporting requirements to OPM, the Corps provides a list of completed human capital activities, such as "Community of Practice Conference Workshop held," and activities to be

[10]In December 2004, as part of homeland security, the President directed the development of a new National Response Plan to align federal coordination structures, capabilities, and resources into a unified, all-discipline, and all-hazards approach to domestic incident management. This plan was replaced in March 2008 by the National Response Framework.

undertaken, such as "Identify Fiscal Year 2008 Intern Requirements." However, we found that these updates are not an adequate substitute for the Corps' human capital plan because they do not represent a coherent framework of the agency's human capital policies, programs, and practices, and they do not include any of the components of an effective human capital plan, such as goals, strategies, and a system for measuring how successfully the strategies have been implemented.

The lack of a current human capital plan has also led to inconsistent approaches in how divisions and districts are managing human capital activities for the agency. For example, some division and district officials told us that they are still using the 2002 human capital plan to guide their activities; others said they relied instead on guidance they receive from headquarters. Still others said that because they receive limited guidance from headquarters on developing human capital goals and objectives, they have to independently develop strategies as best they can. For example, one district told us that it had developed its own informal succession plan in 2004 that it updates continually. The plan assesses all of the district's ongoing missions as well as the strategies for recruiting, developing, and retaining the technical skills needed to carry out the district's mission. Finally, some districts said they relied on information they receive from the divisions, and others told us that they rely on information on human capital flexibilities obtained from an OPM handbook to assist with human capital planning.[11]

The Corps Lacks the Necessary Agencywide Data on Critical Skills to Identify and Assess Its Workforce Needs

The Corps does not have comprehensive agencywide data on critical skills to identify and assess current and future workforce needs. As a result, the Corps cannot effectively identify gaps in its workforce needs and determine how to modify its workforce planning approaches to fill these gaps. Effective workforce planning requires consistent agencywide data on the critical skills needed to achieve current and future programmatic results. However, the Corps does not have a process for collecting comprehensive and consistent agencywide data, and headquarters has not provided guidance to its divisions and districts on how to collect this information. More specifically, according to Corps officials, while the agency collects critical skills data on its current workforce needs through the Army's Workforce Analysis Support System database, this database

[11]U.S. Office of Personnel Management, *Human Resources Flexibilities and Authorities in the Federal Government*, (Washington, D.C.: Apr. 1, 2002).

does not allow the Corps to capture information on the agency's future workforce needs. In the absence of such a process, some Corps divisions and districts have independently collected their own data on workforce needs; however, we found that those divisions and districts that have collected data on critical skills have used various methods to do so. For example, some division and district officials told us that they assessed their current workforce at the division level to determine their critical skills. Others stated that they conducted a gap analysis to identify critical skills needs. Because these data on both the agency's current and future workforce needs have not been systematically collected, a meaningful comparison of the data across divisions to assess the agency's overall needs is not possible. Consequently, we believe that the lack of this information hampers the Corps' ability to develop effective approaches to recruiting, developing, and retaining personnel.

Obtaining comprehensive and consistent agencywide data on critical skills needs has become even more important since the Corps began to restructure its organization in 2004. One of the primary goals of the restructuring is to streamline the organization to more effectively share Corps resources. Under the previous organizational structure, headquarters generally sets policy, divisions communicated policy to the districts, and the districts were responsible for managing their workforce and workload. Districts' workforce management activities included hiring staff and contracting work out. In addition, according to Corps officials, while some districts interacted to share resources, others did not. Under the new structure, which continues to evolve, the workforce and workload management functions have shifted to the divisions. Under the new structure the Corps would like to enable the divisions, with input from their districts, to more efficiently meet the workforce needs across the division by sharing human capital resources, such as biologists and engineers, among the districts. According to the Corps, this approach should also foster information and resource sharing among the eight divisions. For example, officials in one district told us that when their work dries up, under the new organizational concept the district can get work from other districts, or staff can be reassigned or shared with other districts or divisions. However, it is unclear to us how the goals of this new structure can be realized if the Corps' divisions and districts do not have consistent agencywide data to enable them to identify the units that have the critical skills that other organizational units are seeking.

The Corps has recently recognized the need to establish a process for collecting comprehensive and consistent agencywide information on critical skills. In June 2007, the Corps initiated a National Technical

Competency Strategy to, among other things, identify (1) the future roles of the Corps, (2) the critical skills needed to support these roles, and (3) any critical skills gaps. In October 2007, the Corps established a National Technical Competency Team to implement the strategy through coordination with Corps senior leadership. The team is charged with reviewing prior and current division and district initiatives to collect data on the agency's technical skill needs and capabilities and identifying ways to unify and integrate these initiatives to minimize redundancy. However, it is too early to evaluate the Corps' overall progress on this effort.

The Corps Faces Several Challenges in Carrying Out Its Workforce Planning Efforts

A number of human capital challenges, including strong competition from other employers to hire the most talented potential employees, are affecting the Corps' ability to attract and retain a qualified workforce, according to Corps officials. Although various human capital tools to help attract and retain a high-quality workforce are available to the Corps under federal personnel law, the agency's use of several financial incentives has sharply declined in the last 5 years. Moreover, the Corps does not have a process in place to evaluate the effectiveness of the human capital tools it has used, so while the agency can provide information on the extent to which it has used various tools, it cannot assess their effectiveness in meeting workforce needs.

Officials Cited Several Factors Affecting the Corps' Ability to Maintain a Qualified Workforce

According to Corps headquarters, division, and district officials, a number of human capital challenges are undermining their efforts to balance the Corps' workforce with its workload. These challenges include (1) competition from the private sector and other entities, (2) the loss of staff to various contingency operations, and (3) the large number of retirement-eligible employees. First, Corps officials told us that competition from the private sector and other entities, such as state and local governments, greatly affects their ability to recruit and retain a qualified workforce. For example, in certain locations, such as Los Angeles, it can be difficult to fill engineering positions because the cost of living is high and the Corps has to compete with private firms, the city, and the county, which can pay more than the agency for qualified personnel. Similarly, officials told us that in one of the states where the Corps operates, the state government recently increased the salaries of engineers to a level that is difficult for the Corps to match, thereby making it harder for the Corps to effectively recruit and retain engineers in that labor market. In addition, Corps officials told us that the overall state of the economy also affects the agency's ability to compete with others for qualified individuals. They told

us that when the economy is doing well it is harder for the Corps to compete with other employers.

Second, the Corps is also challenged by the vacancies created by employee deployments for contingency operations, such as war and natural disasters, which since the 1990s have increasingly become a focus for the Corps. For example, Corps officials told us that since March 2004 about 4,000 employees have been deployed to support Iraq and Afghanistan operations, and since August 2005 an additional 9,000 have been deployed to help with efforts to address the effects of Hurricanes Katrina and Rita. Corps officials in one division told us that they are running out of volunteers to support the Gulf Regions—with some employees having served up to three tours in these areas. In some cases, the Corps calls upon its remaining employees to perform dual roles, a situation that stresses the workforce and could put the Corps at risk of not being able to perform its mission. In addition, Corps officials told us the agency uses contractors to fill some of the gaps caused by these staff losses. The Corps also relies heavily upon its reemployed annuitant cadre to fill vacancies created by such deployments. At the same time, Corps officials stated that while vacancies created by deployments and volunteer assignments are a challenge, they also offer opportunities—that is, the employees who take over the deployed employees' responsibilities gain experience in new areas. Moreover, deployed employees learn from their experiences, adding value to the Corps.

Finally, Corps officials told us that the increasing number of retirement-eligible employees is a challenge to planning for its future workforce. As we have previously reported, the federal government is confronting a retirement wave and with it the loss of leadership and institutional knowledge at all levels.[12] If large numbers of employees retire over a relatively short period and agencies are not effective in replacing them with the appropriate number of employees possessing the needed skills, the resulting loss of institutional knowledge and expertise could adversely affect mission achievement.[13] According to the Corps, in fiscal year 2006, approximately 23 percent of the agency's workforce was eligible to retire, although on average, Corps employees retire 5.75 years after they are

[12]GAO, *Human Capital: Federal Workforce Challenges in the 21st Century*, GAO-07-556T (Washington, D.C.: March 6, 2007).

[13]GAO, *Federal Employee Retirements: Expected Increase Over the Next 5 Years Illustrates Need for Workforce Planning*, GAO-01-509 (Washington, D.C.: April 27, 2001).

eligible. Corps officials told us that the agency works with retirement-eligible employees to provide them with interesting work to delay their departure. For example, the Corps allows retirement-eligible employees to work on projects in which they have a special interest, or if the employees are willing, the Corps may deploy them to other locations, such as Iraq, for more interesting work in the hope that this will persuade them to stay on with the agency.

The Corps Uses Some Tools to Offset Its Human Capital Challenges but Lacks a Process for Evaluating Their Effectiveness

The Corps uses various hiring authorities and human capital flexibilities to offset its human capital challenges.[14] Some examples of the hiring authorities used by the agency include

- The Federal Career Intern Program—under this hiring authority the Corps hired 621 interns from fiscal year 2002 through fiscal year 2006. Most interns are hired for 18 to 24 months, typically entering the program at entry-level salaries. At the end of the program, interns are guaranteed a full-time position if they agree to sign a mobility agreement.[15] Corps officials told us that interns are a major component of the Corps' recruiting efforts because the agency can easily convert interns to full-time employees. They also told us that they primarily concentrate their intern recruitment efforts in the engineering and scientific specialties, which constitute approximately 90 percent of their intern hiring efforts. Further, according to these officials, interns typically realize the benefits of working for the Corps during their internships and tend to stay with the agency.

- Reemployed Annuitant Office Cadre Program—under this authority the Corps rehires former federal employees to supplement its workforce, as needed. The Corps established this program in response to its declining workforce, increased responsibilities for various contingency operations, and the high number of retirement-eligible employees. Among other things, the Corps uses these employees to fill positions needing specialized skills or to supplement staff to complete specific projects in a timely manner.

[14]Hiring authorities include the Veterans Recruitment Appointment Authority and the Federal Career Intern Program; human capital flexibilities include recruitment and retention bonuses, telework, and alternative work schedules.

[15]A mobility agreement stipulates that the intern is willing to move to another location for permanent placement, if necessary. This agreement is required as a condition of appointment for all centrally funded interns.

- Student Career Experience Program and the Student Temporary Employment Program—under these authorities the Corps can hire applicants currently enrolled in high school, college, a university, or a technical or vocational school. Students hired through the Student Career Experience Program must be enrolled in a specific educational discipline that meets the requirements for the position and are eligible for conversion to permanent employees. Students hired through the Student Temporary Program are not required to be in educational disciplines that match the work the student is performing, and their appointments are limited to 1 year that can be extended until the completion of their educational requirements.

- The Veterans Employment Opportunities Act of 1998—under this authority the Corps can hire applicants that have preference eligibility or substantially completed 3 or more years of active service, in addition to having received an honorable or general military discharge or were released under honorable conditions shortly before completing a 3-year tour of duty.

One district also told us that it has an affirmative employment plan that includes outreach to various colleges and universities to attract qualified applicants from diverse backgrounds. Under the plan, the district participates in various conferences, such as the Hispanic Engineer National Achievement Awards Conference and the Black Engineering Conference. As a result of its affirmative employment plan, according to district officials, the district has increased the quality and diversity of its workforce.

The Corps also uses a variety of human capital flexibilities to maintain its workforce as shown in table 1. According to Corps officials, some of these flexibilities are helpful to their recruiting efforts in areas where the cost of living is high, such as San Francisco. In such locations, the Corps uses such tools as recruitment and retention bonuses as an incentive for employees to work there. Corps officials also cited other tools they use to attract and retain a qualified staff, including paying for employees to obtain advanced degrees; providing long-term training; and providing a family-friendly workplace that allows flex-time, telecommuting, or alternative work schedules.

Table 1: Examples of Human Capital Flexibilities Available to the Corps

Category	Human capital flexibilities
Hiring and retention incentives	• Recruitment bonuses
	• Relocation bonuses
	• Retention allowances
	• Student loan repayments
Other compensation	• Flexible spending accounts that allow employees to set aside funds for expenses related to health care and care for dependents
	• Professional credential reimbursement program
	• Transit and parking subsidy programs
Enhanced work environment	• Business casual dress policy
	• Alternative work schedules: flexible work schedules and compressed schedules
	• Telework
	• On-site child care and fitness centers

Source: GAO analysis of Corps documents.

While the Corps has a number of flexibilities available to help in its recruiting and retention efforts, we found that the use of these flexibilities has sharply declined in recent years. For example, although the Corps awarded approximately $2.5 million in recruitment, relocation, and retention bonuses during fiscal years 2002 through 2006, the amount it devoted annually to recruitment bonuses decreased almost 97 percent during that time—from about $750,000 in fiscal year 2002 to about $24,000 in fiscal year 2006. Moreover, the total amount the Corps spent annually on recruitment, relocation, and retention decreased 75 percent from fiscal year 2002 to 2006—from about $800,000 to about $198,000. (See table 2.) This trend is inconsistent with the concerns Corps officials have cited about the growing impact of human capital challenges on the Corps' workforce over the past 6 years. Moreover, district officials with whom we spoke generally felt that the Corps should be more aggressive in its use of human capital authorities and flexibilities to address its human capital challenges. More specifically, some officials said that increasing the agency's use of recruitment, relocation, and retention bonuses would increase the agency's ability to attract and retain a qualified workforce. For example, according to one district official, although his district tries to provide incentives to recruit qualified staff, the incentives have to first be

approved by the district's Corporate Board.[16] Oftentimes if this approval is not received, he has had trouble hiring experienced scientists and engineers and has had to hire less experienced staff instead. In addition, some officials told us that increasing the use of the various student intern and career experience programs would also help recruit qualified people in a shrinking labor pool. Further, these officials suggested establishing or increasing early outreach to students and schools, in addition to the Corps' college recruiting initiatives, as a way to increase students' interest in careers in science, technology, engineering, and mathematics—as well as a career with the Corps.

Table 2: The Corps' Use of Recruitment, Relocation, and Retention Incentives, by Domestic Divisions and Districts, Fiscal Years 2002 through 2006

Incentive	2002	2003	2004	2005	2006	Total
Recruitment	$754,679	$458,993	$291,238	$79,014	$24,258	**$1,608,182**
Relocation	54,112	64,664	32,999	59,634	79,535	**290,944**
Retention	0	89,503	296,452	181,704	93,974	**661,633**
Total	**$808,791**	**$613,160**	**$620,689**	**$320,353**	**$197,767**	**$2,560,759**

Source: GAO analysis of Corps of Engineers Financial Management System data.

In addition to the use of human capital tools discussed above, the Corps also has the ability to outsource portions of its workload to private sector organizations and other entities. More specifically, the Corps has a goal of contracting out 30 percent of the planning and design aspects of its civil works projects, allowing the agency to meet its workload needs without having to hire additional staff to fill gaps in its workforce. Corps officials told us that they use this option when they do not have the staff or skill sets to assign to a particular project. On the other hand, according to one Corps official, although approximately 40 percent of the Corps' engineering work is done in-house, that number may be declining. This official said that the practice of "contracting out for the sake of contracting out" makes it difficult to bring people into the Corps because engineers do not want to review the work of contractors—they would rather do the work themselves. The official stated that the Corps needs to find the right balance between in-house and contract work.

[16]In commenting on a draft of this report the agency stated that districts and divisions may establish their own internal Corporate Boards, but there is no agencwide Corporate Board established for these purposes.

Finally, while the Corps tracks the extent to which it uses certain human capital tools, it has not developed a process to systematically evaluate their effectiveness. For example, the Corps tracks and can provide information on its use of recruitment and retention bonuses, but it does not have a process for assessing the extent to which such monetary flexibilities are effective in helping recruit and retain a qualified staff. Consequently, the Corps could not provide us with information on the extent to which its use of various tools and flexibilities, such as retention bonuses, has been effective in meeting its workforce needs. Without a process to evaluate the effectiveness of its human capital tools, it is unclear how the Corps can determine the overall costs and benefits of the various methods it is using to recruit and retain employees and whether certain tools are being under- or overused.

Conclusions

An agency's human capital plan is the key to its progress toward building a highly effective organization that can recruit, hire, motivate, and reward a top-quality workforce. Although the structure, content, and format of human capital plans may vary by agency, human capital plans should clearly reflect the agency's strategic direction. However, this is not the case with the Corps because it does not have a current human capital plan that is aligned with its strategic plan. Without such a human capital plan, the agency not only is limited in strategically managing its workforce efforts but also is not providing clear guidance to all of its organizational levels on how they are to effectively and consistently carry out their human capital responsibilities. Further, the Corps' lack of comprehensive and consistent agencywide data on critical skills undermines its ability to identify and assess current and future workforce needs. It remains to be seen whether the Corps' recently begun effort to develop a process to collect such information will be successful. Finally, although the Corps uses a number of human capital tools to address the challenges it faces, such as an aging workforce and competition from the private sector for qualified applicants, it lacks a process to assess the effectiveness of these tools. Without such a process, the Corps has no way to determine either the overall costs and benefits of the tools it uses to recruit and retain employees or whether additional approaches are needed to develop and maintain its workforce for the future.

Recommendations for Executive Action

To help the Corps better manage its workforce planning efforts, we are recommending that the Secretary of Defense direct the Commanding General and Chief of Engineers of the U.S. Army Corps of Engineers to take the following three actions:

- Develop a human capital plan that is directly linked to the Corps' current strategic plan and that contains all the key components of an effective plan as outlined by the Office of Personnel Management.

- Distribute the revised plan agencywide and direct the divisions and districts to use it to guide their human capital activities.

- Develop and implement a process for determining the effectiveness of the human capital tools the Corps is using so that it can adjust their use, as necessary, to meet workforce needs.

Agency Comments and Our Evaluation

We provided a draft copy of this report to the Department of Defense for review and comment. The Department generally concurred with our recommendations. Specifically, the Department concurred with our recommendation that the Corps develop a human capital plan that is directly linked to the Corps' current strategic plan and that contains all the key components of an effective plan as outlined by OPM. The Department stated that it will conduct an Enterprise Human Resources Strategy Summit on July 9 – 11, 2008, with stakeholders to obtain input that will be used to update the Corps' human capital plan. The Department stated that it expects to finalize the Corps human capital plan by January 2009. The Department also agreed with our recommendation to distribute the revised human capital plan to the Corps' divisions and districts, stating that it would do so with the appropriate guidance within 30 days of the plan being finalized. Finally, the Department concurred with our recommendation that the Corps develop and implement a process for determining the effectiveness of its human capital tools so that it can adjust their use, as necessary, to meet workforce needs. The Department stated that metrics for determining the effectiveness of the human capital tools used by the Corps will be identified and included in the agency's updated human capital plan.

The Department also provided additional information regarding various human capital actions and initiatives mentioned in our report. The full text of the Department's comments can be found in appendix II as well as our response to these comments. Of particular note is the Department's comment that since 2005, the Corps has been rated "green" in status and "green" in progress on the Human Capital Scorecard by the Office of Management and Budget (OMB). According to the Department, the Corps' human capital initiatives received such a rating only after rigorous scrutiny of OMB and OPM. We are aware that the Corps has been rated "green" for its human capital initiative updates, however, as we state in the report, these updates do not provide an adequate substitute for the

agency's human capital plan because they do not include any of the components of an effective plan, such as goals, strategies, and a system for measuring how successfully strategies have been implemented. Consequently, they do not represent a comprehensive framework of the agency's human capital policies, programs, and practices needed to assist the Corps in achieving its mission. Additionally, the Department stated that the report placed undue weight on feedback from a small number of respondents. We disagree with the Department's characterization. We contacted officials in all eight Corps division offices and a third of all the Corps district offices, and reported on those experiences and opinions with which these officials generally concurred. For example, the report states that district officials with whom we spoke generally felt that the Corps should be more aggressive in its use of human capital authorities and flexibilities. The individual examples cited throughout the report were used to provide more clarification on the specific types of concerns and situations being faced by the district officials.

We are sending copies of this report to the Secretary of Defense, the Commanding General and Chief of Engineers of the U.S. Army Corps of Engineers, appropriate congressional committees, and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or mittala@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made contributions to this report are listed in appendix III.



Anu K. Mittal
Director, Natural Resources
and Environment

Appendix I: Scope and Methodology

We were asked to examine the (1) extent to which the Corps has aligned its human capital plan with its strategic plan, (2) extent to which the Corps has the information necessary to identify and meet current and future workforce needs, and (3) challenges the Corps faces in meeting its workforce needs.

To assess the alignment of the U.S. Army Corps of Engineers' human capital plan with its strategic plan, we analyzed and reviewed a broad range of Corps policy and planning documents from headquarters and divisions. Specifically, we examined information on the Corps' operations and strategic planning efforts, such as the Corps' 2002 Strategic Human Capital Plan, the Integrated Strategic Plan, Campaign Plans, related headquarters and division documents, and the USACE 2012 regionalization plan. We also reviewed information from Corps strategic boards and committees, the Office of Personnel Management's (OPM) *Human Capital Assessment and Accountability Framework*, and our relevant reports. We corroborated information provided in these documents through interviews with human resources managers and program managers at Corps headquarters, divisions, and districts. We also interviewed cognizant community of practice program leaders in real estate, contracting, planning, research and development, operations and regulations, resource management, strategic integrations, human resources, program and project management, logistics, environment, and engineering and construction.

To assess the extent to which the Corps is collecting the information necessary to meet current and future workforce needs, we visited and interviewed Corps officials at two divisions (the North Atlantic and South Pacific divisions) and three districts (New York, San Francisco, and Sacramento) to obtain information about their strategic workforce planning strategies and their human capital initiatives related to recruitment, development, and retention of staff. We used the information obtained from the visits to develop a structured interview that we administered to the Corps' eight divisions and a purposeful sample of 14 of the Corps' 38 districts that conduct work in the United States. We selected 2 districts from each division to include in our interviews, with the exception of Pacific Ocean Division, where we interviewed only the division staff. Our site selections were based on (1) number of scientists and engineers, (2) overall full-time equivalent employees, (3) budget size, and (4) geographic location. Although the information from our sample of districts is not generalizable to all districts within a division, our interviews cover human capital issues at locations representing nearly half (46 percent) of Corps scientist and engineering staff, and represent issues

at locations with diverse staff sizes, budget sizes, and geographic locations. We did not include districts in the Pacific Ocean Division because 2 of the districts are outside the United States, and the human capital challenges at the domestic districts—Alaska and Honolulu—would likely be unique to labor force demographics at these locations. Additionally, because there are only 2 districts within the Pacific Ocean Division that perform work in the United States, the division is likely more aware of the districts' activities compared to those other divisions that are responsible for more districts. The 14 districts selected were Huntington, Louisville, St. Louis, Vicksburg, New England, New York, Omaha, Walla Walla, Jacksonville, Mobile, Albuquerque, Los Angeles, Fort Worth, and Little Rock. Although the New Orleans District was originally selected based on our criteria, we chose St. Louis as a replacement because of other ongoing audit work at the site, and the Corps' heavy workload related to Hurricane Katrina reconstruction efforts. We interviewed managers identified by the District Deputy Commander responsible for strategic human capital planning and human resources-related issues. The structured interview covered, among other things, human capital initiatives, performance measures, critical skills, and challenges to meeting workforce needs. To reduce nonsampling errors,[1] we conducted pretests with respondents from two divisions and 3 districts to ensure that questions were interpreted in a consistent manner and we revised the questions on the basis of the pretest results. We also reviewed division and district documents on recruitment, training and development, and retention to corroborate information discussed during the interviews.

To determine the challenges the Corps faces in meeting its workforce needs, we included open-ended questions about challenges the Corps faces in meeting its workforce and program needs in our structured interviews and interviewed community of practice program leaders at Corps headquarters. We conducted a content analysis of interview responses for which general themes were developed and then independently coded. Coding discrepancies were reviewed, and if necessary, arbitrated by a third party until agreement statistics reached 100 percent. The content codes and other interview data were analyzed to

[1]The practical difficulties of conducting any survey may introduce certain types of errors, commonly referred to as "nonsampling errors." For example, differences in how a particular question is interpreted, the sources of information available to respondents, or the types of people who do not respond can introduce unwanted variability into survey results.

develop general statistics on human capital issues across the divisions and districts.

In addition, we analyzed data obtained from Army's Workforce Analysis Support System for information on the Corps' workforce and the Corps of Engineers Financial Management System for information on the Corps use of recruitment, retention, and relocation allowances as well as expenditures for training and development activities. To assess the reliability of the data needed to answer the engagement objectives, we checked these data for obvious errors in accuracy and completeness, reviewed existing information about these data and the system that produced them, and interviewed agency officials knowledgeable about the data. We determined that these data were sufficiently reliable for the purposes of this report.

We conducted this performance audit from March 2007 to April 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the U.S. Corps of Engineers

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

MAY 01 2008

Ms. Anu Mittal
Director, Natural Resources and Environment
U.S. General Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Mittal:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-08-596, 'HUMAN CAPITAL: Corps of Engineers Needs to Update Its Workforce Planning Process to More Effectively Address Its Current and Future Workforce Needs,' dated April 18, 2008 (GAO Code 360805).

Thank you for the opportunity to review and comment on the draft report. We generally concur with the three recommendations that the Corps develop a human capital plan that is directly linked to the Corps current strategic plan; distribute the revised plan agency wide; and develop and implement a process for determining the effectiveness of the human capital tools we use. We do, however, wish to offer some additional comments regarding the findings in the report.

See comment 1.

The Corps has been rated "green" in status and "green" in progress on the Human Capital Scorecard by the Office of Management and Budget (OMB) since 2005. In order to achieve this rating, our human capital initiatives passed rigorous scrutiny of OMB and the Office of Personnel Management. In addition, the Corps has played a vital role in the Global War on Terrorism by establishing and continuing to staff a district office in Afghanistan and a division office in Iraq. We also responded to Hurricane Katrina while continuing to fulfill our ongoing missions. These accomplishments reflect that our human capital plans and actions are linked to the key strategic goals of the Corps and demonstrate that we have the capability to respond to the challenges ahead.

See comment 2.

While we respect the methodology used in deriving some of the conclusions shown in the GAO draft report, we are concerned that undue weight may have been placed on feedback from a small number of respondents. For instance, the draft report cites one district official who said his district is often unable to provide incentives to recruit experienced staff because it has to be approved by the agency's Corporate Board (page 6 of the draft report). While districts and divisions may have established internal boards to approve use of recruitment incentives, there is no agency wide corporate board that restricts the use of recruitment incentives. Additionally, the Corps

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has many outreach programs to high schools, colleges and universities, even though the draft report cites some officials who imply that these programs are not currently in existence (page 20 of the draft report).

See comment 3.

The draft report references the Corps Campaign Plan of 2005 that includes three goals: 1) support stability, reconstruction and homeland security operations, 2) develop sound water resources solutions, and 3) enhance life-cycle infrastructure management. The report further suggests that the Campaign Plan does not address human capital; however, the Campaign Plan does include "enablers" of a capable workforce and learning organization. These enablers are key capabilities that must be addressed in order to reach the goals of the Campaign Plan. They have been evaluated and reported on each quarter through the Corps Command Management Reviews and evaluated in its frequent Command Strategic Reviews. We agree that this method did not fully meet the requirements expected of a full human capital plan as envisioned by the draft report, but it does demonstrate that the Corps focus on human capital has been present continuously since 2002.

See comment 4.

The draft report also does not mention the current effort to refresh the Army Corps of Engineers Campaign Plan, which will be published soon. It contains four goals, one of which is to "Build and cultivate a competent, disciplined, and resilient team equipped to deliver high quality solutions." Two of the objectives in this goal are to 1) identify, develop, maintain, and strengthen technical competencies, and 2) establish tools and systems that enable assignment to the right jobs. An objective in another goal is to establish human resources and family support programs that promote readiness and quality of life. It should be noted that Corps efforts in civilian deployment and family readiness programs are leading the way in the Army and DoD.

We recognize the importance of having data on critical skills to identify and assess current and future workforce needs. As mentioned in the report, the Corps established the National Technical Competency Team (NTCT) in 2007. The NTCT is moving forward to identify future Corps missions, roles and methods of delivery, determine competencies and level of technical capabilities to support these future roles, and identify gaps between current and future capability requirements. The team has completed an in-house workshop on technical competencies at the Major Subordinate Command (MSC) staff level; completed a Communities of Practice survey and is currently assessing the results; completed the technical competency library for the Army Competency Management System (CMS); and issued an Engineer and Construction Bulletin on recruitment incentives jointly with the Directorate of Human Resources. Again, we believe these ongoing initiatives will provide the capability we need to effectively address our current and future workforce needs and will be incorporated into our Enterprise Human Capital Strategy.

While the human capital plan itself has not been updated since 2002, the Corps has taken a number of actions to ensure alignment with the current strategic plan. Changes in the strategic plan that impacted human capital management were incorporated into our Proud to Be Goals which were required under the President's

Management Agenda. In addition, the appendices to our human capital plan were updated annually, including workforce trends and analysis. This approach enabled us to streamline our set of human capital tools and make the most efficient use of limited resources. Additionally, as noted in the enclosure, we are planning an Enterprise Human Resources Strategy Summit in July to identify human capital issues and solutions, gather lessons learned, benchmark best practices, and begin the preparation of a refreshed Human Capital Plan, which is expected to be in place by January 2009.

Responses to the GAO recommendations are enclosed.

Very truly yours,

John Paul Woodley, Jr.

John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

Enclosure

GAO DRAFT REPORT DATED APRIL 18, 2008
GAO-08-596 (GAO CODE 360805)

"HUMAN CAPITAL: CORPS OF ENGINEERS NEEDS TO UPDATE ITS WORKFORCE PLANNING PROCESS TO MORE EFFECTIVELY ADDRESS ITS CURRENT AND FUTURE WORKFORCE NEEDS"

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Commanding General and Chief of Engineers of the U.S. Army Corps of Engineers to develop a human capital plan that is directly linked to the Corps' current strategic plan and that contains all the key components of an effective plan as outlined by the Office of Personnel Management. (p. 22/GAO Draft Report)

DOD RESPONSE: Concur. We will conduct an Enterprise Human Resources Strategy Summit on July 9-11, 2008 with our stakeholders to obtain input to update our human capital plan. We expect to finalize our human capital plan by January 2009. It is important to note that the Corps has been rated "green" in status and "green" in progress on the Human Capital Scorecard by the Office of Management and Budget (OMB) since 2005. In order to obtain this rating our human capital initiatives received the rigorous scrutiny of OMB and the Office of Personnel Management. In addition, the Corps has played a vital role in the Global War on Terrorism by establishing and sustaining a district office in Afghanistan and a division office in Iraq for five plus years. We believe these accomplishments reflect that our human capital planning is linked to the strategic plan of the organization and demonstrate that we have the capability to respond to the challenges ahead.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Commanding General and Chief of Engineers of the U.S. Army Corps of Engineers to distribute the revised plan agencywide and direct the divisions and districts to use it to guide their human capital activities. (p. 22/GAO Draft Report)

DOD RESPONSE: Concur. Once the revised plan is finalized it will be distributed within 30 days of completion to our divisions and districts with the appropriate guidance.

RECOMMENDATION 3: The GAO recommended that the Secretary of Defense direct the Commanding General and Chief of Engineers of the U.S. Army Corps of Engineers to develop and implement a process for determining the effectiveness of the human capital tools the Corps is using so that it can adjust their use, as necessary, to meet workforce needs. (p. 22/GAO Draft Report)

DOD RESPONSE: Concur. Metrics for determining the effectiveness of the human capital tools being used will be identified in our updated human capital plan which will be completed by January 2009.

Attachment

The following are GAO's comments to the additional information included in the Department of Defense's letter dated May 1, 2008.

GAO Comments

1. We are aware that the Corps human capital initiative updates have received a "green" status from OPM and OMB. However, as the report states these updates to OPM do not contain any of the components of an effective human capital plan and they do not represent a comprehensive framework for the agency's human capital policies, programs, and practices. We made no modifications to the report in response to this comment.

2. We disagree with the Department's characterization of our report. We contacted officials in all of the Corps 8 division offices and 14 of its district offices, and presented those issues and concerns that were generally agreed on by these officials. The examples cited throughout the report were used to provide more specifics as to the type of concerns expressed by district officials and were not all inclusive of the comments received. We made no changes to the report in response to this comment, however we have clarified that the Corporate Board referred to by the district official was not an agencywide Corporate Board.

3. We disagree with the Department's characterization of the report. Our report does not state that the agency's 2005 Campaign Plan does not address human capital. Instead our report states that the 2005 plan does not contain a strategic goal related to "people" similar to the strategic goal that was included in the 2002 Campaign Plan. We have not modified the report in response to this comment.

4. We disagree with the Department's comment that the draft report does not mention the Corps ongoing effort to update its Campaign plan. Our report clearly states that the agency is in the process of updating its 2005 strategic plan to reflect the new strategic direction of the incoming Commander of the Corps. No changes were made in response to this comment.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Anu K. Mittal, (202) 512-3841 or mittala@gao.gov

Staff Acknowledgments

In addition to the individual named above, Vondalee R. Hunt (Assistant Director), Tania Calhoun, Nancy Crothers, William Doherty, Diana Cheng Goody, Nisha Hazra, Grant Mallie, Jamie A. Roberts, Rebecca Shea, and Katherine Hudson Walker made key contributions to this report.

Related GAO Reports

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